NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS: Grade AA butter, in weekly trading, decreased 8 cents to $2.2500.

In daily cash cheese trading, barrels closed at $1.8200 on Friday, October 30, and blocks ended the week at $1.8500. The weekly average is $1.8150 for barrels and $1.8450 for blocks.

In daily cash nonfat dry milk trading, the close on Friday, October 30, is $1.1600 for Extra Grade and $1.1650 for Grade A. The weekly average for Extra Grade is $1.1630 and $1.1650 for Grade A.

BUTTER: Print and bulk butter markets remain unsettled and weak. Most producers are maintaining production schedules at low workable levels due to the potential for further price declines in cash butter trading at the CME. Cream volumes are reported to be more available, but butter producers continue to balance production schedules with near term demand. Inventories are reported to be sufficient for current needs. Most buyers are reluctant to purchase too far ahead and are placing orders for the short term. Retail sales continue at fair levels. In some markets, feature activity at $.99 per pound is occurring.

CHEESE: The cash cheddar cheese market is steady to firm. Cash prices closed at new record highs for the eighth consecutive week. Current movement remains at strong seasonal levels. Spot offerings are limited. Producers are less aggressive in making spot milk purchases to help fill orders. Depending on milk receipts, cheese production is increasing at some locations due to slower Class I sales and milk switched from butter/powder production.

FLUID MILK: Milk production is at varying stages throughout the United States. In the Northeast, output is steady to slightly lower. Fluid milk supplies are still tight in the far North, but much more available in the Southeast and Middle Atlantic areas. Florida and other Southeastern handlers imported significantly less milk this week. Full pipelines and heavy imports over the past few weeks have now caught up with demand. In the Midwest, milk output is at seasonal low levels. Milk handlers are reporting that producers are keeping lower producing cows due to strong milk prices and low cull prices as long as they produce enough to cover feed costs. In the West, favorable weather conditions, ample feed stocks, and strong milk prices are contributing factors for milk production growth. In the Southwest, some areas may not be up to year ago levels, but most areas are seeing production growth. Plant operators continue to move milk around to maximize returns. In the Northwest, increasing milk receipts are being attributed to better feed, some additional freshening heifers, and less herd culling. Cream markets are weak. Declining cash butter prices at the CME over the past 5 weeks is causing cream buyers to approach available supplies with caution. Cream volumes are reported to be more available than in past weeks.

DRY PRODUCTS: Milk demand for Class I purposes is becoming less aggressive, thus milk is expected to become more available to manufacturing facilities throughout the country. The nonfat dry milk market is generally steady at current price levels, although stocks remain in close balance to short of full trade needs. Some needs are being met by use of condensed skim and government sellback. Buttermilk powder markets are generally steady with producer offerings increasing for both dry and condensed buttermilk. Whey market tones are mixed. Western producers and handlers are reporting a steady to firm market while Midwestern and Eastern producers are not as optimistic. Current exports and domestic interest are enough to keep Western markets cleaned up. In other parts of the country, varying rates of cheese production and slow sales are causing inventories to build.

CCC: During the week of October 26 - 30, CCC did not purchase any NDM at the support price. However, during the week of October 23 -29,CCC did sellback 1,120,554 pounds of NDM at $1.1000 per pound.

CONSUMER PRICE INDEX (BLS): The September 1998 Consumer Price Index (CPI) for all food is 161.1, up 2.0% from September 1997. The dairy products index, at 152.9, is up 6.6% from a year ago. The September to September changes in selected dairy products are: fresh whole milk +8.5%, cheese +4.6%, and butter +55.0%.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of June - August 1998 totals 41,126 billion pounds, 1.8% more than the comparable period in 1997. Comparing disappearance levels with a year ago: butter, American cheese, and other cheese were higher, while nonfat dry milk and fluid milk products were both lower.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY OCT 26	TUESDAY OCT 27	WEDNESDAY OCT 28	THURSDAY OCT 29	FRIDAY OCT 30	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.8125 (N.C.)	$1.8125 (N.C.)	$1.8125 (N.C.)	$1.8175 (+.0050)	$1.8200 (+.0025)	+.0075	$1.8150 (+.0145)
40# BLOCKS	$1.8425 (N.C.)	$1.8425 (N.C.)	$1.8425 (N.C.)	$1.8475 (+.0050)	$1.8500 (+.0025)	+.0075	$1.8450 (+.0130)
NONFAT DRY MILK							
EXTRA GRADE	$1.1650 (N.C.)	$1.1650 (N.C.)	$1.1650 (N.C.)	$1.1600 (-.0050)	$1.1600 (N.C.)	-.0050	$1.1630 (-.0020)
GRADE A	$1.1650 (N.C.)	$1.1650 (N.C.)	$1.1650 (N.C.)	$1.1650 (N.C.)	$1.1650 (N.C.)	N.C.	$1.1650 (N.C.)
BUTTER							
GRADE AA	----	----	----	----	$2.2500 (-.0800)	----	----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - October 26 - 30, 1998

MONDAY, OCTOBER 26, 1998

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS @ $1.8425; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY,OCTOBER 27, 1998

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.8425, 3 CARS BARRELS @ $1.8125; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY,OCTOBER 28, 1998

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.8425, 2 CARS BARRELS @ $1.8125; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ $1.1650

THURSDAY, OCTOBER 29, 1998

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.8475; BIDS UNFILLED: 2 CARS 40# BLOCKS @ $1.8425, 3 CARS BARRELS: 2 @ $1.8125; 1 @ $1.8175; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.8500

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ $1.0950; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ $1.1600

FRIDAY, OCTOBER 30, 1998

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.8500, 2 CARS BARRELS @ $1.8175; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.8500, 1 CAR BARRELS @ $1.8200; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.8600, 1 @ $1.8800

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 8 CARS GRADE AA: 4 @ $2.1900, 1 @ $2.2500, 1 @ $2.2550, 1 @ $2.2500, 1 @ $2.2600; BIDS UNFILLED: 6 CARS: 1 @ $2.2300, 1 @ $2.2150, 1 @ $2.2100, 3 @ $2.1900; OFFERS UNCOVERED: 3 CARS: 1 @ $2.2500, 1 @ $2.3250, 1 @ $2.3300

BUTTER MARKETS

NORTHEAST

Premium structures are unchanged, but the butter price at the CME did drop for the fifth consecutive week. Cream availability is more than ample and butter makers are showing more reluctance buying extra cream to churn. They want to move current output rather than put it into storage because of the potential downside price risk. Some butter makers are buying cream at flat market (no multiples) and based on upcoming CME closes. Butter stocks are reported as well balanced and some contacts state that there is enough to meet expected needs. Their feeling is that if stocks were below anticipated needs, butter makers would be more aggressive in the quest for cream. Demand for butter is fairly steady. Retail prices are unchanged in some stores, lower in others. Retail movement is still slow to fair. Food service orders are unchanged.

CENTRAL

The market tone remains weak. Producers and handlers continue to monitor cash trading at the Chicago Mercantile Exchange and try to put together a workable production and sales plan. In most instances, producers are reluctant to take on any additional volumes of cream in light of potential further price weakness. Stocks of bulk butter are available for most needs. Orders that are being placed are for short term needs, and in instances, being priced on the upcoming Friday market. Some Midwestern buyers are finding that imported butter is available at more favorable prices in comparison to current cash prices. Retail sales continue at fairly good levels. Many handlers are surprised at the level of retail sales in relationship to shelf prices, although most buyers are attributing the good sales levels to the time of the year. In some Midwestern areas, AA USDA shielded print butter is being featured at $.99 per pound with a $10.00 purchase.

WEST

Discounts were reduced, despite a weaker market tone. Demand for bulk butter seems to be slackening. Supplies of lower priced imported butter are reported to be replacing more bulk butter than earlier anticipated. Buyers from other regions are not anxious to purchase stocks at these price levels. Some contacts are now questioning whether butter will be all that tight this fall. They are stating that as time goes by some sales are being missed that will never be made up. Therefore, they don't think that the market will be as tight this fall as was first believed. Cream offerings are heavy within the region. Very little is now leaving the West. Churns don't want to risk buying expensive cream that they might have to sell as cheap butter. Some were pointing to the trading on the CME on 10/23 (sales as low as $2.1650 only to be bid and sold back up) as backing up this scenario.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE OCTOBER 23, 1998 CLOSE = $2.3300

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+3 TO +5	flat TO +3	-5 TO -2

NASS DAIRY PRODUCT PRICES

U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
OCTOBER 24	1.7817 4,442,585	1.7709 7,435,016	1.0872 14,569,466	2.3324 2,481,787	0.2440 4,743,117

Further data and revisions may be found on the Internet at: http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/

CHEESE MARKETS

NORTHEAST

Prices are higher again this week and the market tone is firm. Production levels are often lighter than desired, but less milk is moving to the Southeast which may impact the volumes available to some cheese makers. Cheddar, mozzarella, and process stocks are light to adequate. However, with current output so low, some suppliers are concerned about meeting their anticipated holiday orders. Aged cheddar sales are improving along seasonal patterns. Mozzarella sales are reported as good. Retail movement is fair and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8350-2.3200
Cheddar Single Daisies	:	1.8050-2.3200
Cheddar 40# Block	:	1.9725-2.1200
Process 5# Loaf	:	1.9875-2.1400
Process 5# Sliced	:	2.0150-2.2000
Muenster	:	2.0125-2.3275
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market continues firm. At the Chicago Mercantile Exchange, barrels advanced 2 cents during the week to close on October 23 at $1.8125, and blocks increased 2.25 cents to $1.8425. These cash prices are again new record highs. Traders continue to wonder how long these record prices can last and whether prices have reached the ceiling. Overall cheese supplies remain tight and some orders continue to be shorted or delayed due to availability. Most plants remain committed with orders for another couple of weeks with some basically committed through November. For some other producers, new orders are often lighter, leaving some gaps with anticipated production in November. Overall production is irregular, depending on local milk receipts. Cheese yields continue to increase seasonally. Less milk is being exported to the Southeast for bottling, increasing the volumes available for manufacturing in the Midwest.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9700-2.1200
Brick And/Or Muenster 5#	:	2.0900-2.3075
Cheddar 40# Block	:	1.9150-2.1100
Monterey Jack 10#	:	1.9150-2.2900
Blue 5#	:	2.4425-2.6500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.1700
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.5500

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 26 - 30, 1998
BARRELS*	:	$1.8000 - 1.8200 (NOMINAL)
	:	($.0200) (.0200)
40# BLOCKS	:	$1.8525 - 1.8825 (NOMINAL)
	:	($.0200) (.0100)

( ) Change from previous week. * If steel, barrel returned.

WEST

Prices are firming for most types of Western cheese. Demand ranges from good to very good. Offerings are being readily absorbed. Production levels range from steady to somewhat lighter. Some milk continues to move from butter/ powder into cheese based on better overall returns. Milk in the region is declining seasonally. Demand for cheese going into the process segment is in the tightest position. Current blocks are clearing easily with aged increasingly hard to find. The good seasonal interest in mozzarella is often not being filled in a timely fashion. Swiss sales are improving.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9600-2.2100
Cheddar 40# Block	:	1.9400-2.0950
Cheddar 10# Cuts	:	2.1500-2.3550
Monterey Jack 10#	:	2.1650-2.3175
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.5300

FOREIGN TYPE

Domestic prices are higher again this week as closing prices at the CME continue to increase. The market tone is unchanged. Some importers note that purchases of cheese in the EU are light as the weaker dollar is having an impact on purchasing decisions. However, offerings from the EU are often higher as sales to Russia and other third world countries are very slow. To stimulate interest, the EU more than doubled their export refunds (subsidies) for cheese exports to Russia and all of Eastern Europe. For the first half of 1998, Germany produced 797,000 MT of cheese, +2.7% from the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	2.1675-2.7775*
Gorgonzola	3.2400-5.9400	2.4900-2.8625*
Parmesan (Italy)	TFEWR	3.5775-3.6175*
Romano (Italy)	2.0900-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.8400-2.3675*
Romano (Cows Milk)	-0-	3.3450-3.6825*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.2500-2.5050
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
10/26/98	8,019	97,673
10/01/98	6,894	100,820
CHANGE	1,125	-3,147
% CHANGE	16	-3

FLUID MILK AND CREAM

EAST

Milk production is increasing at varying rates throughout the Southeast and Middle Atlantic areas. Output is steady to slightly lighter in the Northeast where November is usually the low point in the annual milk-production cycle. Fluid milk supplies are still tight in the far North, but much more available in the Southeast and Middle Atlantic areas. Florida and other Southeastern handlers imported significantly less milk this week. With their own milk increasing, the need for outside milk is down substantially. Florida imports totaled 132 loads this week, down from 213 last week the 148 loads the same week last year. Handlers in the other Southeastern states brought in about 85-90 spot loads. Florida bottlers report that their pipelines are full and they may have too much milk. Some additional canceling of ordered loads may be necessary. Bottled milk sales in the more northern areas are reported as slow to fair. Surplus milk volumes are up at some plants, steady at others. The extra milk is welcomed and processors are trying to catch up with back orders of condensed skim and NDM. Condensed skim demand is still quite aggressive particularly from cheese makers who were/are having trouble getting enough milk. With more surplus milk, some contacts wonder if the demand for wet solids will remain as brisk as it has been. Prices have been unchanged, but with butter prices dropping, some suppliers want to adjust condensed skim higher. The fluid cream market remains weak. Supplies are heavy and demand is slow. Buyers, hoping for lower prices, are waiting as long as they can to make spot purchases. Spot prices are down slightly because of the half-cent decline in butter prices at the CME and lower multiples. The lower multiples are not often attracting much new interest. Ice cream production is seasonally lighter, but some operations are still running on relatively full schedules. Cream cheese output is moderate. Some contacts expect cream cheese production to increase as holiday orders are filled and shipped. Churning activity is light to moderate. Butter makers don’t want cream and if they do purchase extra cream, it is often at very low multiples and based on upcoming butter markets. Some are not taking cream, but will make butter, at a fee, for the owner of the cream. That is often referred to as "tolling."

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 2.7960 - 3.1688	
Delivered Equivalent Atlanta	- 2.8426 - 3.1688	M 2.8892 - 2.9824
F.O.B. Producing Plants: Upper Midwest	- 2.7787 - 2.9188	

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	- .8500 - 1.0500

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 23 - 29, 1998	14
PREVIOUS WEEK	21
COMPARABLE WEEK IN 1997	33

DESTINATIONS: KENTUCKY 14

Class I demand is spotty, noticeably slower early in the week but, occasionally improved late in the week as a few bottlers gear up for the stronger first of the month activity and weekend promotions. Some operations are increasing holiday item production in November for products such as egg nog and dips. Besides the shipments included in the total, 7 loads of Wisconsin were sent to Ohio. Another 21 loads of Wisconsin milk are "direct shipped" to Tennessee and 21 loads to Missouri and pooled under a Southern Federal Order. In general, milk shipments are lower though some handlers feel a rebound may occur early next month. Selling excess cream remains a problem for many producers due to continued potential for butter price declines. Cream prices are irregular with most activity in the low to middle part of the range. Some firms are still only tolling cream (custom churning) without taking possession of the resulting butter. Spot milk prices are trending lower again this week as volumes sold and interest are lighter, both from bottling and manufacturing channels. Buyers have sufficient fluid offerings to be able to take the better deals rather than just take milk at about any price. Prices paid are more in the $3.00+ to $4.00 over class range. Milk intakes are about steady at low seasonal levels. Due to reduced Class I activity, some manufacturing plants are increasing schedules to handle milk volumes. Fat and protein levels are steady to higher. Most handlers expect producers to milk their tail end cows as long as they produce enough to cover the feed, at least until winter, due to strong milk prices and low cull prices.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCTOBER 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	$ 28.00- 34.50	$ 33.00- 38.00
REPLACEMENT HEIFER CALVES	$150.00-220.00	$100.00-145.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCTOBER 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	$ 27.00- 38.50	$ 32.50- 41.75

WEST

September pool receipts of milk in California total 2.142 billion pounds, down 2.7% from last year. Cumulative pool output through nine months of the year total 19.9 billion pounds, up 1.0% from the same period in 1997. The September blend price of $16.68, at a fat test of 3.52%, is $1.05 higher than August. The percentage of receipts used in Class 1 products is 24.88%. The September quota price is $17.73 and the base and overbase prices are $16.03. These prices are 89 cents higher than last month and $4.17 higher than September 1997. Good milk producing weather is common over most of the producing regions in the Southwest. Ample and affordable feed supplies continue to be available. The weather and the feed situation provide the opportunity and the current higher milk price provide the incentive for milk production growth. While production in some areas may not be up to year ago levels, certainly most areas are seeing growth from low levels of recent months. Plant operators continue to move milk around to maximize returns. The record high cheese prices are claiming additional milk into cheese plants. Conversely, some butter producers are selling milk and cream to limit butter stocks and avoid inventory risks. Cream is slow to move to other regions and interregional movements are not always easy. Multiples are being lowered to stimulate interest, but often with limited success. Weather conditions remain very good for milk production in the Pacific Northwest. Some contacts are noticing increased milk receipts and improving tests. The increases seem to be related to better feed, some additional freshening heifers, and less herd culling. Plants are generally pleased with current levels of receipts. Some operations would like some additional milk. Fall field work is generally completed. All grades of hay are available. The decision is how much to spend for what grade. Temperatures have warmed somewhat over Utah and Idaho. Milk production is holding steady. Contacts are expecting somewhat stronger output throughout the winter based on high milk prices and low feed prices. Lots of hay is moving around the region.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/29/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are unchanged. Buying activity ranges from steady to slightly improved. Most orders are only for single loads. Many buyers are unsure of the market direction and holding out for price declines. Producer offerings are often tight, but reseller loads are available. Production levels are limited. However, within the next few weeks, many producers will start drying on a regular basis.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0900 - 1.1525 MOSTLY: 1.0900 - 1.1000

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Sales activity is limited due to lack of demand. Producer offerings are increasing for dry and condensed buttermilk. Production is mixed according to individual butter makers' schedules. Overall stocks are mostly balanced.

BUTTERMILK: .9600 - 1.0700

DRY WHEY - CENTRAL

Prices are unchanged. The market tone is mostly steady with a hint of weakness. A few buyers are beginning to slowly re-enter the market. Many producers are in more comfortable inventory positions, however some contacts believe this is only a temporary break. With record high cheese prices, production of cheese and whey is increasing daily. Whey stocks vary from balanced to heavier than desired.

NONHYGROSCOPIC: .2150 - .2625 MOSTLY: .2400 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices are lower on milk replacer, standard, and roller ground; unchanged on delactose. All prices remain nominal. The market tone is weak. Demand is light and supplies are heavy. Most offerings are available at negotiable prices. Declining slaughter hog prices (in low 20's) combined with the weak veal market are limiting feed purchases. Many buyers are reducing, pushing back, and cancelling previous orders from suppliers. The delactose market is unchanged. Sales are steady to occasionally better and production is in balance with current demand.

MILK REPLACER:	.2000 - .2175
STANDARD:	.1700 - .1900
ROLLER GROUND:	.2525 - .2625
DELACTOSE (Min. 20% protein):	.3275 - .3600

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Offerings from producers and resellers remain numerous. However, domestic interest is only fair and insufficient to absorb the heavy stocks. Production levels are seasonally lower. Most manufacturers are focusing on fourth quarter contracts. A few additional export sales were reported.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2350 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices adjusted lower and the market undertone is weak. Buyer interest is limited as many anticipate lower future prices. Offerings are available, but not burdensome. A few manufacturers are offering slight discounts, while resellers are often more negotiable. Production levels are lower and stocks range from balanced to heavier.

EXTRA GRADE 34% PROTEIN: .5800 - .6300 MOSTLY: .6100 - .6150

NONFAT DRY MILK - WEST

Prices are lower on the top end of the low/medium heat price range. The market tone remains fully steady. High heat prices are steady and remain nominal. Some shifting of production to high heat is noted. Production of NDM is mostly able to fill contracted volumes. Some producers in the region are behind on orders and have no loads to offer on the spot market. However, spot demand is limited. Some needs are being met by the use of condensed skim. The CCC announced a sellback of 627,536 pounds of NDM late last week at the sellback price of $1.1000. Contacts expect the use of sellback NDM to increase as a means to fill in for any shortages.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1600 MOSTLY: 1.1100 - 1.1300

HIGH HEAT: 1.1200 - 1.1700

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged and the market tone remains steady. The market is in balance, but some extra product is beginning to appear. Drying schedules are often higher as butter churning increases and sales of condensed buttermilk are holding steady. Seasonal buying interest is slow to develop. Dry buttermilk stocks are light.

BUTTERMILK: .9800 - 1.0400 MOSTLY: .9900 - 1.0000

DRY WHEY - WEST

No price changes are noted for Western whey powder. There continues to be a firm undertone to the market. Offerings continue to be readily absorbed. The weakness in other regions of the country has had no impact in the West. Current exports and domestic interest are enough to keep the market cleaned up. There are no real stocks on hand. Contacts are becoming more concerned about November, but current sales activity is good enough to keep them cleaned up. Production is about steady.

NONHYGROSCOPIC: .2300 - .2750 MOSTLY: .2400 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 23, on powder sales of 12,102,562 pounds f.o.b. California manufacturing plants was $1.0891 per pound. This compares to 9,504,751 pounds at $1.0828 for the previous week ending October 16, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and nominal. The market tone is still quite firm. Producers have little powder to move on the spot market and most spot sales are in the resale part of the market. Production levels are light to moderate, but less milk is moving into the Southeast which provides shipping plants with more milk to process. This, however, could be both good and bad. The good part is that producers want to make more NDM to catch up with existing contracts. The bad part would be making NDM at these prices and new sales not materializing as expected. Some buyers/traders do express concern about this market when drying returns to more normal levels and DEIP orders have been filled. On both coasts, producers are hoping to have existing DEIP contracts filled by the end of November. New DEIP sales are occurring, but volumes are light to moderate. Demand for condensed skim and powder remains fairly good. There is more interest in buying back NDM from CCC. During the week of October 23 - 29, CCC did sell back 1,120,554 pounds of NDM to traders.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:		
LOW/MEDIUM HEAT:	1.1000 - 1.1700	
HIGH HEAT:	1.1300 - 1.1900	MOSTLY: 1.1400 - 1.1500
DELVD SOUTHEAST:		
ALL HEATS:	1.1300 - 1.1900	

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market undertone are unchanged. However, churning activity is starting to increase and more buttermilk is being generated. The demand for condensed buttermilk is slowing seasonally and drying is expected to increase in the near future. At this time, cream offerings are growing and most butter makers are trying to limit the amount of cream they buy. In this period of "cheap cream," churning is often heavier than desired. Currently, Eastern producer stocks of dry buttermilk are light to balanced.

F.O.B. NORTHEAST:	.9800 - 1.0000
DELVD SOUTHEAST:	1.0200 - 1.0800

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower and the market tone is steady. Plants that are basing dry whole milk prices partially on the CME butter closes, have lowered their prices in the past several weeks. Production levels are light to moderate and generally geared to filling contracts. Domestic spot demand is slow to fair. New DEIP orders are slow to develop. Producer stocks are closely balanced with spot needs.

F.O.B. PRODUCING PLANT:	1.5750 - 1.7500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH OCTOBER 23, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	33,491	MT (73,834,258 LBS)
CHANGE	--	421	MT (928,137 LBS)
WHOLE MILK POWDER	--	2,080	MT (4,585,568 LBS)
CHEESE	--	1,653	MT (3,644,204 LBS)
CHANGE	--	53	MT (116,844 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	16,357	MT (36,060,642 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is unchanged. Production levels are light to moderate, but some cheese plants are able to get more milk, which should/could increase dry whey availability. Most Eastern producers have little or no Extra Grade or Grade A whey on hand, but resellers are reported to have adequate volumes. Demand is lackluster and recent premium structures are being eroded. In fact, some discounts have been noted as a means to attract interest. Sales to the animal feed sector of the market are lagging and reflect the generally sluggish market for hogs.

F.O.B. NORTHEAST:	EXTRA GRADE	.2250 - .2500
	USPH GRADE A	.2400 - .2625
DELVD SOUTHEAST:		.2600 - .2750

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Offerings are increasing and demand remains lackluster. Feeder pig prices are extremely low and feed usage at some hog farms is being affected. Suppliers report having quite a bit of feed whey for sale, but there is limited interest even at discounted prices.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are up slightly as more milk is available to most producing plants. The need for milk in the Southeast is easing and plants and/or areas that have been shipping milk now have milk for their own processing or other customers. Plant stocks are adequate to meet current needs. The rising milk prices have had some customers "buy in" to beat rising costs. Demand is steady to improved as retailers purchase for the upcoming holiday baking season.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged although the market tone is weak. Stocks of both rennet and acid are fully sufficient on a contracted and spot basis. Buyers anticipate that readily available stocks will remain for the balance of the quarter and into the new year. Rennet availability and pricing structures are being reviewed by natural cheese producers as discussions get underway about possibly allowing casein as an ingredient in natural cheese production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0000 - 2.1000
ACID:	1.9500 - 2.0500

DEIP ACCEPTANCE SUMMARY continuation

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT; Cheese - 3,350 MT; Butterfat - 29,854 MT.

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

CSCE - BFP -- Dollars per cwt.

Month	10/14	10/15	10/16	10/19	10/20	10/21	10/22	10/23	10/26	10/27
OCT 98	15.93 (169) 1	15.98 (170) 3	15.98 (171) 2	16.08 (171) 1	16.03 (172) 1	15.98 (270) 3	15.99 (251) 7	15.93 (199) 4	15.94 (199) 0	15.94 (196) 4
NOV 98	15.68 (124) 0	15.83 (128) 7	16.03 (147) 27	16.20 (148) 24	16.30 (171) 3	16.40 (172) 1	16.38 (174) 11	16.30 (174) 6	16.25 (173) 1	16.15 (173) 0
DEC 98	14.53 (90) 9	14.80 (90) 2	15.00 (92) 13	14.98 (96) 6	14.98 (96) 0	15.00 (99) 8	15.00 (100) 7	14.70 (100) 2	14.90 (105) 6	14.85 (116) 15
JAN 99	13.40 (41) 2	13.73 (43) 2	13.90 (50) 7	13.92 (51) 1	13.87 (51) 0	13.87 (52) 4	13.80 (53) 1	13.60 (53) 0	13.75 (53) 0	13.50 (53) 0
FEB 99	12.82 (24) 0	12.85 (24) 0	12.98 (25) 1	12.97 (20) 3	12.93 (28) 0	12.93 (28) 0	12.93 (28) 0	12.85 (28) 0	12.90 (28) 2	12.80 (33) 6
MAR 99	12.58 (8) 0	12.60 (8) 0	12.60 (8) 0	12.55 (8) 0	12.53 (8) 0	12.68 (10) 2	12.70 (10) 0	12.65 (10) 0	12.70 (12) 2	12.60 (12) 0
APR 99	12.25 (50) 0	12.25 (50) 0	12.25 (50) 0	12.11 (50) 0	12.30 (53) 3	12.30 (53) 0	12.30 (53) 0	12.31 (53) 0	12.35 (53) 0	12.35 (57) 6
MAY 99	12.13 (9) 0	12.05 (9) 0	12.07 (14) 5	12.06 (14) 0	12.15 (16) 2	12.20 (16) 0	12.20 (16) 0	12.15 (16) 0	12.15 (16) 0	12.20 (18) 2

CME - BUTTER -- Cents per pound

Month	10/14	10/15	10/16	10/19	10/20	10/21	10/22	10/23	10/26	10/27
OCT 98	225.00 (9) 0	225.00 (9) 0	231.00 (5) 4	228.00 (5) 0	225.00 (3) 2	225.00 (2) 0				
FEB 99	162.50 (4) 0	163.00 (4) 1	165.00 (5) 3	165.00 (5) 0	165.00 (5) 0	165.00 (5) 0	165.00 (5) 0	165.00 (5) 0	165.00 (5) 0	165.00 (5) 0

CME - BFP -- Dollars per cwt.

Month	10/14	10/15	10/16	10/19	10/20	10/21	10/22	10/23	10/26	10/27
OCT 98	15.95 (600) 20	15.99 (614) 30	16.01 (612) 60	16.10 (616) 42	16.01 (621) 12	15.99 (611) 36	15.99 (587) 34	15.95 (589) 5	15.94 (589) 4	15.96 (587) 4
NOV 98	15.66 (400) 68	15.84 (429) 47	16.03 (471) 77	16.20 (504) 69	16.27 (492) 27	16.35 (488) 34	16.37 (502) 21	16.38 (527) 33	16.29 (526) 2	16.28 (523) 19
DEC 98	14.50 (387) 63	14.77 (386) 32	14.90 (395) 27	15.04 (437) 51	14.99 (441) 15	15.02 (440) 15	15.00 (441) 14	14.88 (439) 44	14.90 (467) 52	14.84 (475) 33
JAN 99	13.40 (136) 9	13.65 (145) 13	13.90 (147) 16	13.95 (154) 14	13.90 (157) 3	13.90 (158) 2	13.98 (164) 13	13.80 (164) 0	13.70 (165) 3	13.40 (166) 6
FEB 99	12.80 (127) 1	12.90 (128) 2	12.97 (139) 15	13.00 (147) 20	13.00 (150) 4	13.00 (150) 0	12.97 (151) 1	12.90 (151) 0	12.96 (154) 6	12.80 (158) 11
MAR 99	12.54 (155) 1	12.55 (159) 5	12.60 (159) 3	12.67 (159) 6	12.67 (160) 6	12.66 (161) 1	12.71 (161) 1	12.65 (161) 2	12.70 (163) 8	12.65 (167) 12
APR 99	12.16 (27) 0	12.21 (31) 4	12.20 (33) 2	12.21 (34) 1	12.31 (39) 9	12.31 (39) 0	12.31 (39) 0	12.27 (41) 2	12.34 (44) 3	12.33 (46) 6
MAY 99	12.09 (49) 0	12.09 (53) 4	12.10 (58) 8	12.11 (58) 1	12.30 (61) 7	12.30 (61) 0	12.23 (61) 0	12.23 (61) 0	12.29 (70) 10	12.16 (73) 3

CME - CHEDDAR CHEESE -- Cents per pound

Month	10/14	10/15	10/16	10/19	10/20	10/21	10/22	10/23	10/26	10/27
OCT 98	175.27 (1) 0	176.00 (1) 0	176.25 (1) 0	176.52 (1) 0	176.75 (1) 0	177.00 (1) 0	177.75 (1) 0	177.75 (1) 0	177.75 (1) 0	177.75 (1) 0

1/ At the CSCE Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE’s Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 19 - 30, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Current export interest remains light in general. The EU recently increased export subsidies on cheese with the largest change given to exports to Russia though with no change for product exported to the U.S. The changes have down little, if anything at the current time, to stimulate interest to Russia due to continued concerns with payment and exchange rates with the Ruble. Currency fluctuations have caused slight changes between reporting periods though some price changes were more substantial on a day to day basis. Milk production is entering the low point in the year in most areas, thus manufacturing schedules are lighter.

BUTTER/BUTTEROIL: The market is weak though prices have not fallen as rapidly or as far as some traders had expected with the loss of the Russian market. International interest is generally slow at current prices. Some product is moving out of storage from May/June at more attractive prices.

82% BUTTERFAT:	1,775 - 2,000
99% BUTTERFAT:	2,350 - 2,600

SKIM MILK POWDER (SMP): The skim market is unsettled to weak. Skim is a concern for the longer term for most producers and traders. Part of the reason some traders thought the EU cheese export subsidies were increased was to keep additional milk from flowing back into butter/powder production and exasperating the situation for a longer period. International interest is quiet as European prices are generally well above prices quoted from Oceania.

1.25% BUTTERFAT:	1,225 - 1,425

WHOLE MILK POWDER (WMP): The whole milk market is fairly steady. International interest is currently quiet. Production is seasonally lower. Supplies are at least adequate. Poland is the source for the lowest priced European quotation.

26% BUTTERFAT:	1,525 - 1,850

SWEET WHEY POWDER: The whey market is firmer. Current interest, at least within the region, is often improved as production and offerings decline seasonally. Prices are still more attractive from other sources such as the U.S.

NONHYGROSCOPIC:	615 - 675

OVERVIEW EASTERN EUROPE: Milk production is declining seasonally. Polish and Czech prices are at the low end of the skim and whole milk powder ranges. The continued turmoil in Russia continues to heavily impact the region as Russia was the major export market.

OCEANIA

OVERVIEW: Milk production in the Oceania region continues at seasonally varying rates. In Australia, milk output continues to increase on a steady basis. Milk handlers are projecting milk receipts to be running 4 - 5% above last year's strong season. Most manufacturing facilities are running at full capacity to keep up with the seasonal milk flow. In New Zealand, conditions are not as positive and the strong early season strength is now being hindered by heavy rainfall. Production projections are not as optimistic as earlier in the season and are now being targeted more in line with last year. In both Australia and New Zealand, milk handlers are reporting that some areas are now on the downhill side of the seasonal peak. Stock levels of manufactured dairy products continue to build, although most producers and handlers are not overly concerned at this point. International sales are quite slow. The financial conditions of Southeast Asia and, now Russia, are causing exporters to closely monitor these markets and to look beyond them for potential sales.

BUTTER: Oceania butter markets are generally steady. Stocks of butter are reported to be in balance at this time. Traders are comfortable with inventories levels and projected production through the balance of the calendar year. Although traders are concerned what will happen at that time if sales remain slow. Current sales are light and unaggressive. Continued financial unrest in Southeast Asia and, now Russia, both normal markets for Oceania, are causing concern for sales potential.

82% BUTTERFAT:	1,700 - 1,800

CHEDDAR CHEESE: Cheese markets are steady to weak. International buying interest is light and unaggressive, although the Japanese market continues to purchases on a regular basis. Southeast Asian sales continue to be hindered by an unsettled financial situation. Stocks of cheese are available to meet current and future needs. As in other dairy product markets, Oceania traders are having to look beyond usual markets for potential sales.

39% MAXIMUM MOISTURE:	1,800 - 1,875

SKIM MILK POWDER (SMP): Skim milk powder markets are also steady at basically unchanged prices. Heavy milk production throughout the Oceania region has powder manufacturing plants running at capacity levels. Stocks are reported to be readily available. Current buying interest is clearing moderate amounts of powder, although production is surpassing sales at this time. As in other manufactured dairy product markets, slow sales and building inventories are not a critical concern yet.

1.25% BUTTERFAT:	1,300 - 1,350

WHOLE MILK POWDER (WMP): Whole milk powder markets are mixed. Current prices are generally steady to firm. Strong milk production throughout most areas of Oceania is causing whole milk powder facilities to be running at or very near capacity levels. Producers and handlers have concerns as to what will happen to prices if production continues at the current pace and sales remain unaggressive. Although sales continue, production is outpacing current sales levels.

26% BUTTERFAT:	1,600 - 1,680

Exchange rates for selected foreign currencies: October 26, 1998

.5351 Dutch Guilder	.6014 German Mark
.1794 French Franc	.5222 New Zealand Dollar
.0997 Mexican Peso	.6165 Australian Dollar
1.6642 British Pound	.0084 Japanese Yen
.2911 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0997) = 10.0301. That is 1 US Dollar equals 10.0301 Mexican Pesos.
Source: "Wall Street Journal"

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
JULY 1998	160.5	2.2	148.2	3.4	143.5	2.7	151.2	2.9	152.1	35.4	146.9	-0.9
AUG 1998	161.0	2.2	150.5	5.0	147.6	6.0	152.7	4.0	160.1	39.2	148.2	-0.6
SEPT 1998	161.1	2.0	152.9	6.6	150.8	8.5	154.1	4.6	176.5	55.0	147.5	-1.1

U.S. City Average Retail Prices

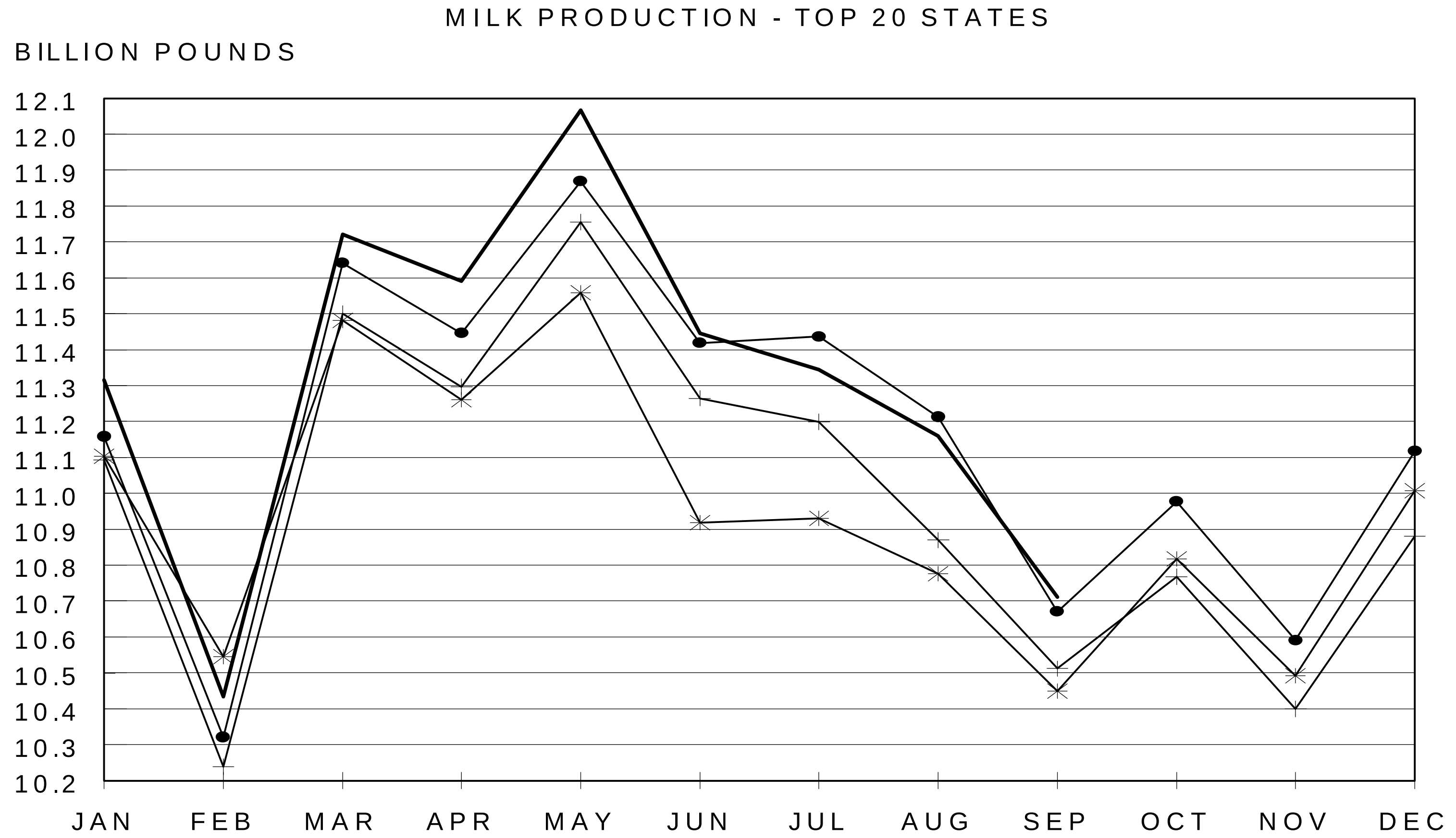
Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
JULY	2.628	2.557	2.540	2.362	2.879	2.108	3.636	3.342	3.440	3.422	3.133	2.844
AUG	2.717	2.551	2.569	2.329	2.985	2.154	3.479	3.352	3.575	NA	3.147	2.927
SEPT	2.757	2.533	2.622	2.307	3.387	2.144	3.617	3.359	3.587	NA	3.184	2.895

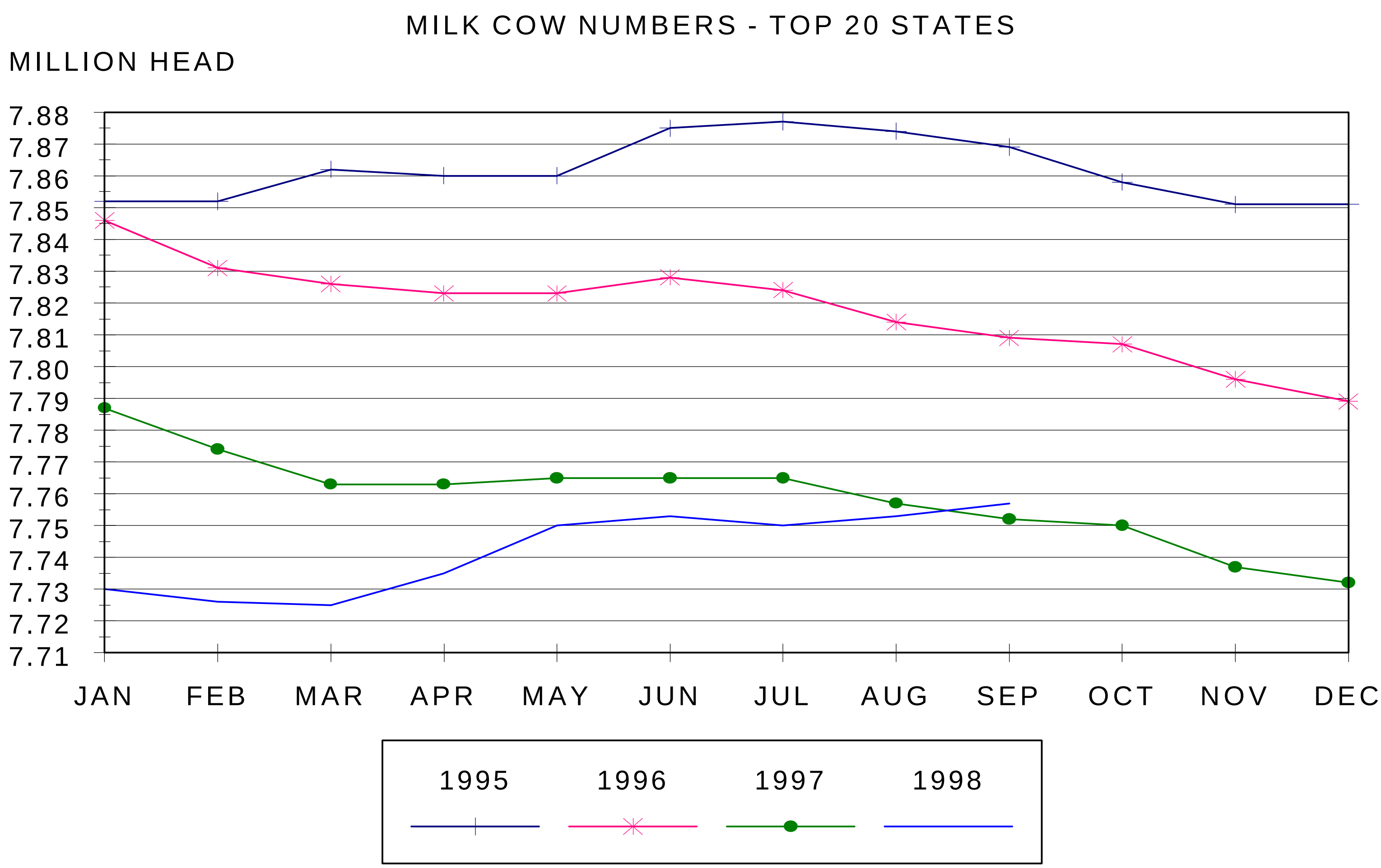
* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--JUNE-AUGUST AND YEAR-TO-DATE 1997-98 1/

Item	Jun.-Aug. 1997	Percent change 4/	Jun.-Aug. 1998	Percent change 4/	Jan.-Aug. 1997	Percent change 4/	Jan.-Aug. 1998	Percent change 4/
	Million Pounds							
MILK								
Production	39,752	4.0	39,566	-0.5	106,026	2.3	106,365	0.3
Marketings	39,391	4.0	39,226	-0.4	105,074	2.3	105,466	0.4
Beginning Commercial Stocks 2/	7,548	33.5	6,663	-11.7	4,704	14.8	4,889	3.9
Imports 2/	639	-13.8	1,461	128.6	1,586	-1.6	2,759	74.0
Total Supply 3/	47,578	7.5	47,350	-0.5	111,364	2.8	113,114	1.6
Ending Commercial Stocks 2/	6,813	31.4	6,183	-9.2	6,813	31.4	6,183	-9.2
Net Removals 2/	357	1,522.7	41	-88.5	596	831.3	300	-49.7
Commercial Disappearance 3/	40,408	3.5	41,126	1.8	103,955	0.8	106,631	2.6
SELECTED PRODUCTS 5/								
Butter	252.3	10.8	265.9	5.4	720.1	-7.5	726.4	0.9
American Cheese	820.9	-0.5	833.0	1.5	2,165.4	1.0	2,221.3	2.6
Other Cheese	1,078.3	1.4	1,076.1	-0.2	2,798.7	2.7	2,855.5	2.0
Nonfat Dry Milk	228.9	-5.3	218.7	-4.5	635.5	-12.3	583.4	-8.2
Fluid Milk Products 6/	13,219.4	-0.8	13,366.9	1.1	36,499.8	-0.6	36,313.8	-0.5

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.





NASS DATA, GRAPH BY DAIRY MARKET NEWS

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 26 - 30, 1998			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 10/23/98	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	103,384	408,912	42,046,000	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	103,384	408,912	42,046,000	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 26 - 30, 1998 =	0.0	1.2	COMPARABLE WEEK IN 1997 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.1	4.8
CUMULATIVE JANUARY 1 - OCTOBER 30, 1998 =	25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =	24.7	395.2

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	103,384	408,912	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	103,384	408,912	100.0	100.0

SELLBACK TO THE TRADE	NONFAT DRY MILK (POUNDS)	MILK EQUIVALENT - MILKFAT BASIS* - MILLION POUNDS
WEEK OF OCTOBER 23 - 29, 1998	1,120,554	0.2
CUMULATIVE SINCE 10/1/98	1,249,401	0.3

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - $10.05 per cwt.; 3.5% - $9.95

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1150; 500# Barrels $1.0850; Process American 5# $1.1675; Process American 2# $1.2075

NONFAT DRY MILK: Nonfortified $1.0280; Fortified $1.0380; Instant $1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 10/10/98 & Comparable Week 1997 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL: WEEK	U.S. TOTAL: SINCE JAN 1	% DAIRY OF ALL: WEEK	% DAIRY OF ALL: SINCE JAN 1
1998-Dairy cows HD (000)	0.2	1.4	6.7	5.2	16.6	2.9	2.6	0.9	8.3	2.5	47.3	2,063.8	44.7	45.4
1997-Dairy cows HD (000)	0.3	1.7	6.4	5.8	21.0	2.7	3.2	1.1	9.4	3.3	55.0	2,249.1	44.9	45.9
1998-All cows HD (000)	0.3	1.4	9.2	15.6	23.2	19.7	15.1	4.7	10.6	5.9	105.7	4,542.7		
1997-All cows HD (000)	0.3	1.8	8.9	18.1	29.7	18.5	17.7	7.8	11.9	7.7	122.4	4,897.8		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 10/29

		DECEMBER DELIVERY
PROCESS		
2# PROCESS LOAF	237,600	$2.2020-2.2220
5# PROCESS LOAF	1,346,400	$2.0100-2.0650
PROCESS SLICED	1,267,200	$2.0700-2.1450
MOZZARELLA		
MOZZARELLA, LMPS	443,520	$1.9510-2.0405
MOZZARELLA LITE SHREDDED	362,880	$2.0110-2.1110
CHEDDAR		
BLOCKS	119,850	$2.0427-2.0459
CHEDDAR CUTS	119,850	$2.2371-2.2575
SHREDDED	192,000	$2.1091-2.1225
REDUCED FAT SHREDDED	460,800	$2.3167-2.4049
BARRELS	600,000	$1.9100-1.9600

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 11,707,221

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10			